

PMI

Caixin China
General Manufacturing
PMI Press Release

2024.11



Caixin China General Manufacturing PMI®

Manufacturing sector expansion accelerates

The expansion of China's manufacturing sector accelerated midway through the final quarter of the year. Higher new work inflows, including from abroad, led to a solid rise in production. Purchasing activity and inventory levels also rose as confidence about the year ahead grew.

That said, employment levels declined despite a further accumulation of backlogged work. This was partially attributed to cost concerns as input price inflation accelerated in November. Average selling prices also rose at a quicker pace as a result.

The headline seasonally adjusted Purchasing Managers' Index™ (PMI®) – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – rose to 51.5 in November, up from 50.3 in October. Rising further past the 50.0 neutral mark, the latest data signalled that conditions in the manufacturing sector improved for a second straight month. The pace of growth was the fastest since June and above the series average.

Central to the latest advancement in manufacturing sector conditions was greater new business inflows. Incoming new orders placed with Chinese manufacturers increased amongst the fastest rate in three-and-a-half years. A renewed rise in export orders also supported the rise in overall new orders. Panellists revealed that better underlying demand conditions, new product launches and stockpiling following the US election were amongst the reasons for the rise in new work.

Production levels increased on the back of higher new work, rising at the quickest rate since June, with intermediate goods makers recording the fastest rate of growth among the monitored segments.

A second successive month of backlog accumulation was meanwhile observed in the Chinese manufacturing sector, though firms remained cautious about hiring. Headcounts declined for a third straight month in November due to resignations and redundancies. The rate of job shedding eased from October and was modest, however.

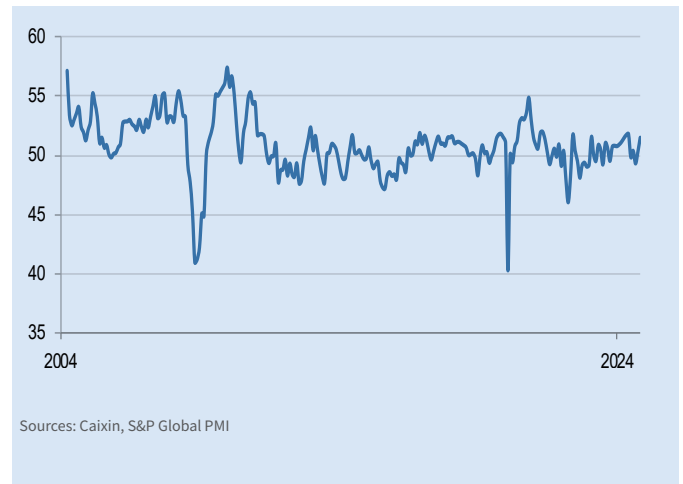
Meanwhile, purchasing activity and stocks of purchases both increased in the latest survey period. Anecdotal evidence suggested that rising production requirements led Chinese manufacturers to build safety stock. Post-production inventory also rose in November with instances of outbound shipment delays being mentioned. In contrast, lead times for the delivery of inputs stabilised after lengthening through the past five months.

Turning to prices, average input prices increased at the fastest pace in five months as raw material costs were reported to have risen. In turn, firms shared their additional cost burdens with clients, leading to the quickest gain in selling prices since October 2023. Export charges continued to fall marginally, however, with international pricing power impacted by competition.

Finally, sentiment in the Chinese manufacturing sector improved in the penultimate month of the year. The level of confidence was the highest since March. Firms signalled hopes that better economic conditions and government policies can support sales in the year ahead.

China General Manufacturing PMI

sa, >50 = improvement since previous month



Key findings:

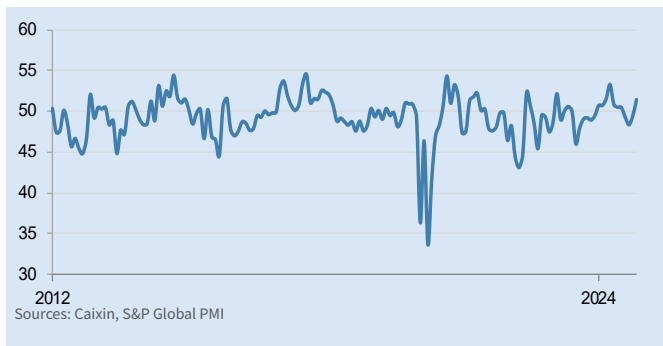
New orders rise at quickest pace since February 2023 amid renewed export growth

Output price inflation at 13-month high

Business confidence at strongest in eight months

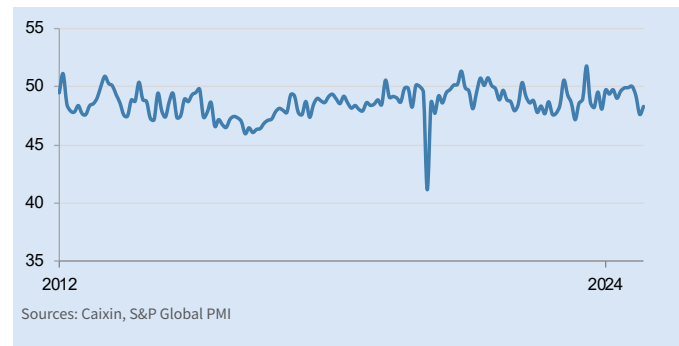
New Export Orders Index

sa, >50 = growth since previous month



Employment Index

sa, >50 = growth since previous month



Commenting on the China General Manufacturing PMI® data, Dr. Wang Zhe, Senior Economist at Caixin Insight Group said:

“The Caixin China General Manufacturing PMI came in at 51.5 in November, up 1.2 points from the previous month, marking the second straight month of expansion in the sector.

“Growth in supply and demand accelerated. Manufacturers’ output maintained expansion amid a stable increase in demand. The gauge for output stayed in expansionary territory for the 13th consecutive month while hitting the highest level in the second half of this year. However, the production of investment goods shrank slightly.

“Total new orders also picked up, with the corresponding gauge rising more than 2 points to a high not seen since February 2023. Demand for consumer goods was particularly strong. External demand bounced back, due partly to some overseas clients upping purchases after the U.S. election, pushing the indicator into positive territory for the first time in four months.

“The labor market remained in contraction. Despite the growth in supply and demand, manufacturers maintained a cautious approach to hiring, keeping employment in contraction for the third straight month, though the pace of contraction slowed from October. Companies producing consumer goods or investment products saw a reduced workforce, while employment at intermediate goods producers remained stable.

“The backlogs of work continued to increase amid improved supply and demand, with the corresponding gauge staying in expansionary territory for the second straight month and reaching a new high since May. Increases were most pronounced at manufacturers of intermediate goods.

“Price levels rose. The upward trend in both input costs and output prices observed in October accelerated in November. Rising prices for raw materials, especially steel, pushed up input costs. Manufacturers were able to pass some of those costs downstream amid the uptick in demand.

“Supplier logistics remained steady, reflected by the indicator for delivery times reading 50. Manufacturers continued to increase purchases amid improved markets, resulting in increased inventories of raw materials and finished goods.

“Business optimism improved. Surveyed companies expressed confidence in the effects of recent stimulus policies and the economic recovery in the near term. The gauge for future output expectations rose significantly, approaching its historical average.

“Overall, in November, manufacturers increased supply amid expanded demand. Businesses purchased more to add stocks while market optimism bounced back, growth in input costs and output prices picked up, and supply logistics were stable. However, companies remained cautious about hiring.

“Since late September, the synergy of existing policies and additional stimulus measures has constantly acted on the market, which is reflected in the improved economic performance in the past two months. Positive factors have increased, which contributed to an accelerated economic recovery in November.

“That said, it is worth noting that the downward pressure facing the economy remains prominent, marked by continued contraction of employment, indicating the effect of economic stimulus is yet to be felt in the labor market and businesses’ confidence in expanding workforce needs to be strengthened.

“While the economic downturn appears to be bottoming out, it needs further consolidation. The consistency and effectiveness of those additional stimulus measures deserves close attention. The structural and cyclical pressures facing the economy are expected to continue, coupled with the likelihood of continued accumulation of external uncertainties, which requires sufficient policy buffers.”



Survey methodology

The Caixin China General Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 650 private and state-owned manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. For the purposes of this report, China is defined as mainland China, excluding Hong Kong SAR, Macao SAR and Taiwan.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI®). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For more information on the survey methodology, please contact: economics@spglobal.com.

Survey dates and history

Data were collected 12-21 November 2024.

Data were first collected April 2004.

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

www.spglobal.com/marketintelligence/en/mi/products/pmi

About Caixin

Caixin is an all-in-one media group dedicated to providing financial and business news, data and information. Its multiple platforms cover quality news in both Chinese and English. Caixin Insight Group is a high-end financial research, data and service platform. It aims to be the builder of China's financial infrastructure in the new economic era.

Read more: <https://www.caixinglobal.com/index/>

For more information, please visit

www.caixin.com

www.caixinglobal.com

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

www.spglobal.com

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

Contact

Dr. Wang Zhe

Senior Economist

Caixin Insight Group

T: +86-10-8590-5019

zhewang@caixin.com

Ma Ling

Brand and Communications

Caixin Insight Group

T: +86-10-8590-5204

lingma@caixin.com

Jingyi Pan

Economics Associate Director

S&P Global Market Intelligence

T: +65 6439 6022

jingyi.pan@spglobal.com

SungHa Park

Corporate Communications

S&P Global Market Intelligence

T: +81 3 6262 1757

sungha.park@spglobal.com

PMI®

by **S&P Global**